

Weiskopf



The Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

Matter of: Federal Contracting Corporation

File: B-227269

Date: June 5, 1987

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### DIGEST

A contracting agency's decision not to exercise an option involves a matter of contract administration that the General Accounting Office does not review.

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### DECISION

Federal Contracting Corporation protests the failure of the Naval Training Center, Orlando, Florida to exercise an option under contract No. N62467-85-C-8549 with Federal to provide transportation operations and maintenance services. Instead, the Navy issued a new solicitation which would combine in one contract coordinated public works services including those previously provided by Federal.

The protester argues that the Navy has failed to perform any meaningful cost comparison between exercising the option and awarding a contract under the new solicitation, and contends that the Navy either should provide for a comparative evaluation or exercise the option. In this regard, the protester argues that the Navy also has an obligation to consider that Federal incurred costs which will not be recovered unless it performs under the option.

A contracting agency's decision not to exercise an option is generally a matter of contract administration that this Office will not review. Bid Protest Regulations, 4 C.F.R. § 21.3(f)(1) (1986); McGregor FSC, Inc.--Reconsideration, B-224254.2, Nov. 5, 1986, 86-2 CPD ¶ 519. That is because the option provision is generally exercisable at the sole discretion of the government. Maintenance, Inc., B-215619.3, Sept. 7, 1984, 84-2 CPD ¶ 263.

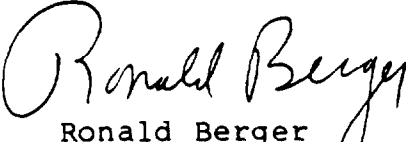
Moreover, the contracting agency has no obligation to justify a decision not to exercise an option on the basis of a cost comparison. The regulations only provide that the agency cannot exercise an option without first determining

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that it is the most advantageous method of fulfilling the agency's need, price and other factors considered. Federal Acquisition Regulation, 48 C.F.R. § 17.207(c)-(e) (1986). Thus, the regulation imposes limitations on an agency's discretion to exercise an option, but not on its declining to do so.

Further, a contractor's need to have an option exercised in order to recover its costs of performance does not provide a basis for requiring the government to exercise the option. Those who bid on contracts containing option provisions simply assume the risk that the agency might not exercise the option. HCA Government Services, Inc.--Reconsideration and Claim for Proposal Preparation Costs, B-224434.2, et al., Apr. 24, 1987, 87-1 CPD ¶ \_\_\_\_.

The protest is dismissed.

  
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